

City of Detroit

CITY COUNCIL

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ANNE MARIE LANGAN
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TO: Elizabeth A. Benson, General Manager
Detroit Building Authority

FROM: Irvin Corley, Jr., Fiscal Analyst Director

DATE: April 29, 2008

RE: 2008-2009 Budget Analysis

24.

Attached is our budget analysis regarding your department's budget for the upcoming 2008-2009 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Thursday, May 1, 2008 at 2:00 p.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Pamela Scales, Budget Department Director
Norman White, Chief Financial Officer
Renee Short, Budget Department Team Leader
Gloria Caliman, Head Accountant-DBA
Kerwin Wimberly, Mayor's Office

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Detroit Building Authority

FY 2008-09 Budget Analysis by the Fiscal Analysis Division

Detroit Building Authority Summary

The City of Detroit Building Authority was created by the city under the provisions of Act 31, Public Act of Michigan of 1948, as amended. The Authority was incorporated for the purpose of acquiring, furnishing, equipping, owning, improving, enlarging, operating and maintaining city buildings (including but not limited to health and public safety facilities), automobile parking lots or structures (independently or adjunct to other buildings) and recreational facilities.

The Authority is authorized, by statute, to issue bonds to finance its activities. The bond principal and interest are to be paid, among other sources, through cash rental payments made by the city to the Authority. The city leases the facilities under a Full Faith and Credit General Obligation Contract of Lease with the Authority. When all bonds issued by the Authority have been retired, titles to several of the facilities are to be conveyed to the city.

The Authority generates its funding by charging an administrative fee, a percentage of each project and it is included in the project contract and project budget between the DBA and the city. Since the DBA staff are appointed by the Mayor and are quasi-city employees, they appear in the Non-Departmental budget in Appropriation 00277 - Detroit Building Authority. The appropriation budgeted for employee salaries and benefits is 100% revenue offset to the General Fund. The recommended budget is \$1.075 million for this appropriation for FY 2008-09 (see attached).

Issues and Questions

In the 2008-09 FY, the DBA budget is increases slightly by \$18,133. The increase is due primarily to a \$23,000 increase in salary & wages, a 2,600 increase in telecommunications offset by a \$5,400 decrease in employee benefits, and a \$2,000 decrease in training-tuition reimbursement.

Pg 35-18 Goals

One of the stated goals of the DBA is: Advise City Departments on the benefits of being proactive in their long-term development and management of their projects.

- Just recently, the Recreation Department has issued a contract to replace the roof of the Northwest Activities Center right after the completion of a complete renovation of the center. The initial assessment of the required work for the major renovation of the Northwest Activities Center facility did not include a recommendation for the replacement of the roof. Did the DBA offer the Recreation Department any advice in this situation? If yes, what advice was offered? If not, why?

Pg 35-18 Major Initiatives For FY 2007-98

Implementation of a Web based Project Management System & Facilities Asset Management

The two initiatives mentioned above, are both in their testing/ training phase and a pilot project respectively, what's the current status of the two initiatives and what is their projected impact on the daily operations and efficiency of the DBA?

What was the level of the DBA-Administrative Fund at the beginning year at July 1, 2007? Was it at a surplus or deficit?

- What are the DBA-Administrative Fund Expenditures and Revenue for the fiscal year ended June 30, 2007?
- What is the surplus/deficit for the DBA-Administrative Fund for the fiscal year ended June 30, 2007?

Pg 35-20 Performance Measure- Outputs: Units of Activity directed toward Goals

	2005-06 Actual	2006-07 Actual	2007-08 Projected	2008-09 Target
Improving facilities for Recreation Dept., Police Dept., Health & Wellness Dept., & Fire Dept.	100%	100%	45%	40%

- Why does the target for FY 2008-09 the objective detailed above decrease from the 100% level of the two fiscal years prior to the projected 45% of 2007-08 and 40% for 2008-09?

Pg 35-20 Performance Measure- Efficiency: Units of Activity directed toward Goals

	2005-06 Actual	2006-07 Actual	2007-08 Projected	2008-09 Target
Construction of new Police facilities	100%	50%	50%	70%

- Please explain the factors that caused the fluctuation of the results for the objective detailed above that have decrease from the 100% level of 2005-06?

What impact has Executive Order 2007-1 had on the DBA and its work with contractors?

IC:DH

Attachment

NON-DEPARTMENTAL (35)

DETROIT BUILDING AUTHORITY ACTIVITY INFORMATION

ACTIVITY DESCRIPTION: DETROIT BUILDING AUTHORITY

The Detroit Building Authority administers Capital Improvement Projects for City Departments, utilizing their capital improvement funds, in order to enhance the City's ability to deliver quality and efficient services.

The Detroit Building Authority (DBA) is primarily responsible for administering capital projects, as determined by each respective City Department, with identified Capital Agenda funds. Critical functions include; encumbering funds through Contract of Lease; managing the bid, RFP/RFQ process; issuing contract awards; securing the necessary clearances; advising contractors of Executive Order 2007-1 requirements; execution of contract documents; monitor design development and construction for each DBA capital project; review and approve contract invoices; oversee payments to vendors.

GOALS:

1. Provide efficient, quality and user-friendly services to City Departments.
 - The DBA and its Project Managers offer meaningful information to help City Departments carry out their Capital Agenda Plans.
 - Advise City Departments on the benefits of being proactive in their long-term development and management of their projects.
 - Staff will continue to receive the appropriate training in new and innovative financial and construction management techniques.
 - Manage project information and provide meaningful updates to City Departments.
 - Process contracts and payments in a timely manner.
2. Accelerate Economic & Business Development
 - Improve the business climate by attracting and utilizing Detroit based, Detroit headquartered businesses.
3. Continue to support and focus on the Mayor's strategic priorities
 - Assist City Departments with improving public safety.
 - Assist City Departments with improving city services.

MAJOR INITIATIVES FOR FY 2007-08:

Implementation of a Web Based Project Management System

DBA is in the process of implementing a web based project management application. This software tool is used to manage multiple projects or a single project in real time and allows the user to quickly access and assess the current status. The user also can review budgets between project types or locations, and review pictures of the project. Information can be documented for the purpose of exchange between project members. The system allows electronic signatures and copies of contracts to be stored, which will eliminate redundant work processes thereby, providing more efficient use of staff time. Project information is now being downloaded into the system for all current projects. This will provide the background for future benchmarking of DBA goals and objectives.

The DBA is currently in the training and testing phase of the new Project Management System. After the DBA has validated system efficiencies, any revisions will be made. The final phase of this roll out will be to gradually merge this system with other tools including financial and capital management.

Facilities Asset Management

DBA will continue to implement a pilot program for facilities asset management, utilizing national recognized guidelines to maintain facilities as a capital asset. This methodology known as "Facilities Asset management" establishes a systematic process for maintaining, upgrading and operating facilities.

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The next phase of implementation is providing education to city departments on the merits of facilities asset management. Although the DBA is not involved in the daily operation and maintenance of facilities, we maintain our commitment to providing useful input on methodologies that can be incorporated in future capital planning.

It is the intent of the DBA to incorporate facilities asset management methodologies along with green building principals into our facility planning guidelines. The guidelines will be issued to our architects and engineering professionals. City departments will have the option to accept the DBA's recommendations regarding facilities asset management. The challenge for city departments will be their ability to commit more funds upfront that save operation and maintenance costs over the life of the facility.

The Detroit Building Authority has instituted a policy of using LEED guidelines as outlined by the United States Green Building Council for all of our new construction and building renovations projects. The Leadership in Energy and Environmental Design (LEED) Green Building Rating System™ is the nationally accepted benchmark for the design, construction, and operation of high performance green buildings. These LEED building guidelines, (also known as building "Green"), are for using durable, long-lasting, energy-efficient, low maintenance building products that are healthful to the environment and to the people who work inside and live around these facilities. With the institution of this policy the DBA is following a nationwide trend of building "Green" in the United States. Building "Green" will give our clients and citizens of Detroit better maintained facilities. Currently these guidelines are being implemented on the New Animal Control Facility that will be erected on the City's Eastside.

PLANNING FOR THE FUTURE FOR FY 2008-09, FY 2009-10 and BEYOND:

The DBA will be using the Leed Council's standards for new construction and renovation for all DBA projects. All structures designed, built, renovated and operated, will be used in an ecological and resource-efficient manner. The DBA is committed to assisting City Departments with capital improvement projects that meet certain objectives such as protecting occupant health; improving employee productivity; using energy, water, and other resources more efficiently; and reducing the overall impact to the environment.

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DETROIT BUILDING AUTHORITY MEASURES AND TARGETS

Type of Performance Measure:	2005-06	2006-07	2007-08	2008-09
List of Measures	Actual	Actual	Projection	Target
Provide efficient, quality and user-friendly services to City Departments:				
Development of DBA pilot program guidelines:				
Higher efficiency facilities	50%	65%	65%	100%
Implementation of new Project Management Construction Software:	N/A	50%	50%	70%
"Building Green" using US Green Bldg. Council's LEED guidelines	N/A	20%	30%	50%
Promote client satisfaction by providing technical expertise	95%	95%	100%	100%
Comply with ADA requirements for city departments citizens:	100%	100%	100%	100%
Accelerate Economic & Business Development:				
Contract Minority, Detroit Headquartered, and Detroit Based Businesses.	N/A	98%	98%	98%
Support the Mayor's strategic priorities:				
Improving facilities for Rec. Dept., Police Dept., Health & Wellness Dept., & Fire Dept.	100%	100%	45%	40%
Construction of new police facilities (public safety)	100%	50%	50%	70%
Activity Costs	\$832,305	\$1,004,664	\$1,056,988	\$1,075,121

CITY OF DETROIT
Detroit Building Authority
Financial Detail by Appropriation and Organization

Detroit Building Authority Detroit Building Authority	2007-08 Redbook		2008-09 Dept Final Request		2008-09 Mayor's Budget Rec	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
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APPROPRIATION						
ORGANIZATION						
00277 - Detroit Building Authority						
350310 - Detroit Building Authority	9	\$1,056,988	9	\$1,094,347	9	\$1,075,121
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APPROPRIATION TOTAL	9	\$1,056,988	9	\$1,094,347	9	\$1,075,121
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ACTIVITY TOTAL	9	\$1,056,988	9	\$1,094,347	9	\$1,075,121
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CITY OF DETROIT
Budget Development for FY 2008-2009
Appropriations - Summary Objects

	2007-08	2008-09	2008-09
	Redbook	Dept Final	Mayor's
		Request	Budget Rec
AC1535 - Detroit Building Authority			
<i>A35000 - Non-Departmental</i>			
SALWAGESL - Salary & Wages	611,586	631,037	634,568
EMPBENESL - Employee Benefi	402,840	422,677	397,319
OPERSVCSL - Operating Service	37,562	37,633	40,234
OTHEXPSSL - Other Expenses	5,000	3,000	3,000
<i>A35000 - Non-Departmental</i>	<i>1,056,988</i>	<i>1,094,347</i>	<i>1,075,121</i>
AC1535 - Detroit Building Authority	1,056,988	1,094,347	1,075,121
Grand Total	1,056,988	1,094,347	1,075,121